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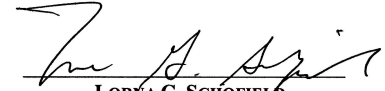
UNITED STATES  
**SECURITIES AND EXCHANGE COMMISSION**  
BYRON G. ROGERS FEDERAL BUILDING, 1961 STOUT ST., SUITE 1700  
DENVER, CO 80294-1961

Application **GRANTED**. All deadlines are **ADJOURNED** sine die, pending further order from the Court. The parties shall file a status letter by **April 17, 2023**, regarding the approval of settlement. So Ordered.

**Via Email and by ECF**

The Honorable Lorna G. Schofield  
Southern District of New York  
500 Pearl Street  
New York, New York 10007

Dated: February 17, 2023  
New York, New York



LORNA G. SCHOFIELD  
UNITED STATES DISTRICT JUDGE

Re: SEC v. Klein, 22-cv-06426-LGS – Notice of Proposed Bifurcated Settlements and Unopposed Request to Stay Proceedings Pending the SEC's Consideration of Defendants' Settlement Offers

Dear Judge Schofield:

Pursuant to your Honor's Individual Rules and Procedures for Civil Cases, section I.C.3, the SEC writes to inform the Court that counsel for Plaintiff U.S. Securities and Exchange Commission ("SEC") and Defendants Mark Klein and Eduardo Rubinstein have reached agreements-in-principle, subject to presentation to and approval by the SEC Commissioners, to enter into bifurcated settlements in this case. As explained below, Defendants have offered to resolve all aspects of this case except for the amounts of civil penalties, which the parties will ask the Court to determine following briefing limited to that issue. Accordingly, the SEC, with the consent of Defendants, respectfully requests that the Court stay all deadlines in this case to allow time for the SEC Commissioners to consider Defendants' offers of settlement.

Defendants Mark Klein and Eduardo Rubinstein have offered to consent to the entry of judgments as to injunctive relief and the payment of civil penalties, but with the amounts of such penalties to be determined by the Court. Defendants would neither admit nor deny the allegations in the Complaint, except that those allegations would be deemed true for purposes of determining civil penalties. The amounts of the civil penalties would be determined by the Court on the Commission's motion(s), Defendants' response(s), and any hearing or argument ordered by the Court.

The SEC's decision making body consists of five Commissioners, appointed by the President with the advice and consent of the Senate. *See* 15 U.S.C. § 78d(a). Only those Commissioners, and not the undersigned SEC counsel, have authority to agree to settle an action filed in federal district court. If Defendants' offers of settlement are accepted by the Commission and then approved by the Court, the

settlement would resolve the liability phase of this litigation without the need for further discovery or trial.

Because the process of seeking and obtaining Commission approval can take two months or more, the parties respectfully request that the Court stay these proceedings to allow time for the SEC Commissioners to be presented with and consider Defendants' offers of settlement. Specifically, the parties request that the Court enter an Order staying all deadlines in this matter, including the upcoming discovery cutoff, expert deadlines, deadline to submit a joint status letter, and pre-dispositive-motion conference. Such a stay will not prejudice any party and will avoid unnecessary expenditures of judicial and party resources while the settlement is considered.

The SEC will promptly notify the Court following the SEC Commissioners' consideration of the proposed settlements. If the Commission accepts Defendants' settlement offers, the SEC will file Defendants' signed consents and request that the Court enter judgments consistent with Defendants' offers of settlement. The parties will also confer on and propose a schedule for the resolution of the appropriate amounts of civil penalties.

Although the exact timing of the SEC Commissioners' consideration of Defendants' settlement offers is unknown, the SEC expects that the process should be complete in approximately eight weeks. In the event that the Commissioners have not reached a decision by April 17, 2023, the SEC will file a status update with the Court at that time.

The parties are available for a conference and/or to provide any additional information the Court may request.

Sincerely,

s/ Mark Williams

Counsel for Plaintiff Securities  
and Exchange Commission

cc: Counsel of record